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10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 In re) Case No. 95 10911
13) Chapter 7
14 GERALD ARMSTRONG,)
15) RS Hearing: May 25, 1995
16 Debtor.) Time: 9:00 a.m.
17)

18 RESPONSE OF TRUSTEE TO MOTION FOR RELIEF FROM STAY

19 The trustee is not involved in that portion of the
20 litigation that concerns injunction of the debtor's future
21 behavior. The trustee proposes changes in language in any stay
22 modification order, as set forth in Exhibit A, for the following
23 reasons:

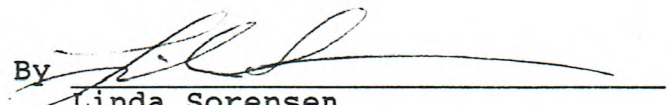
24 The Section 341 hearing occurred last week, and the
25 trustee has not yet obtained responses to pending inquiries. It
26 is premature for the trustee to decide whether it is in the best
27 interests of the estate to take over the fraudulent conveyance
28 causes of action that are included in the litigation being
prosecuted by the Church. Therefore, it makes sense to allow the
Church to continue with even that portion of the litigation

1 because of interrelationship with the rest of its case, until and
2 unless the trustee takes over that portion.

3 The estate may have defenses and issues about the
4 Church's claim which are different from the contract issues being
5 tried by the Marin County Superior Court, as illustrated by the
6 language proposed in Exhibit A. It is not clear that the estate
7 will have assets and therefore that the determination will be
8 material, and cause does not exist to require the trustee to
9 participate in the present litigation.

10 Dated: May 23, 1995

11 FELDMAN, WALDMAN & KLINE
12 A Professional Corporation

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14 By 
15 Linda Sorensen
16 Attorneys for Jeffry G. Locke,
17 Trustee
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The motion of the Church of Scientology International (the "Church") for relief from stay came on before the Court for preliminary hearing on May 25, 1995. Appearances were as noted in the record, and the moving party had previously obtained the agreement of the trustee to certain provisions for modification of the automatic stay, as provided on an agreed form of preliminary hearing order. Good cause appearing therefor, it is hereby

ORDERED that the automatic stay provided by 11 U.S.C. § 362 be and hereby is modified to permit the following continued prosecution of Action Number 157680 pending in the Superior Court of the State of California for the County of Marin:

1. The portions of said action which seek to recover property as a fraudulent transfer and/or sham transfer, having been tendered by the Church to the trustee for administration in the estate, may upon written election by the trustee delivered to counsel for the Church be taken over by the trustee for the estate no later than within 90 days from and after the date of the Section 341 hearing on May 17, 1995, and until and absent such election may be prosecuted by the Church for its own account, provided that during the election period the Church shall provide advance notice to the trustee before settling or dismissing such causes of action;

(then renumber existing paragraphs, and add another paragraph somewhere near the end:)

7. Notwithstanding the foregoing, the liquidation of the claim of the Church shall not be binding upon the estate as to

EXHIBIT A